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**Employee Retention In Selected Banks At Udaipur City Using
Retention Models: An Empirical Study**

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An Empirical Study"*

Abstract

The Indian service sector is growing exponentially; companies are taking the big leap from survival strategy to competitive strategy. Hence there is a constant thirst for the best and the brightest of employees & the result.

Retention strategies are instrumental in extending the tenure of employees in the organization as it increases their self-esteem, confidence, morale and motivation. Retaining valuable employees is very essential for organizations. Employee retention has become the latest buzzword of the corporate world.

The study explores the retention strategies that Banks are using to retain their employees in the organization. The area of study covers 6 different Banks at Udaipur city.

Keywords: retention, strategies, appraisal, employee satisfaction.

“Employee Retention in selected Banks at Udaipur City using Retention Models: an Empirical Study”

Introduction

Employee retention: To win the war for talent, an organization must attract and retain those “A” players the best people who can contribute, not only to today’s success, but to the organization’s long term prosperity.

*Employees are the **asset** to the organization & quality workforce or man power is one of the **core competences** of the organization.*

Review of literature

The review highlights the various aspects related to Employee Retention such as reviews on retention, retention in banking industry, and retention model. It highlights various reviews of researches carried out, and articles published on the topic Employee Retention.

The **word web dictionary** defines employee turnover “as the ratio of the number of workers that had to be replaced in a given time period to the average number of workers”

In a **National Seminar on “Value creation for Competitive advantage” (2010)** organized by *Advanced Institute of Management, Ghaziabad* it was

recommended that Employee retention is advantageous for competition. To survive and remain in competition depends on the organization’s competence, which mainly depends on the strength of its valuable employees.

Replacing an employee costs roughly one and a half times a year’s pay. Both employers and employees report that the workers have led to decline in quality and customer service, resulting in extra marketing costs.

Wall Street Journal (2000)

Core competencies and outsourcing Strategies: **Prahalad and Hanel (2008)** emphasizes that organization have to adopt core competence model (i.e. skills and activities that are essential to an organizations success) and most do well to formulate a competitive strategy. Organizations focus on hiring employees only for their core activities and purchase non-core products and services externally. This trend is still continuing.

According to **Taplin and Winterton (2007)**, a good retention strategy is that must be encouraged by managers. Such approachable management, combined with sympathetic supervision and good interpersonal relations clearly help in labour retention. Such behavior by management reflects genuine concern for creating an effective work environment based on information sharing, incentive pay, training and skill development, and relative job security.

Problem of Retention in Banking Industry:

Banking is a service industry, Management of people & management of risk are two key challenges faced by banks. How you manage people & how you manage risk determines your success in banking industry.

Banking has been & will always be a “people business”. The very survival of the banks depends on customer satisfaction. The entire spectrum of hr practices requires revolutionary changes if the bank have to survive.

The capital & technology – considered to be the most important pillars of banking are replicable, but not ‘human capital’, which needs to be viewed as a vulnerable resource for the achievement of competitive advantage.

Retention Models

Join, Stay, Leave Model: Organizations should understand why employees join, why they stay and why they leave an organization. This join, stay, leave model is akin to a three-legged stool, meaning that without data on all three, organizations will be unsuccessful in implementing a proper retention strategy.

The attractiveness of the position is usually what entices employees to join an organization. Job description, organization profile, market share are certain factors that attract employees to join.

As employees participate in their professional and community life, they develop a web of connections and relationships. Bonuses, performance appraisal, promotions, healthy working environment etc. make employees stay in the organization.

By understanding the reasons behind why employees leave, organizations can better cater to their existing workforce and influence these decisions in the future.

Job Satisfaction Model of Employee Retention

The model given by **Justin Field (2008)** helps in understanding the satisfaction level of the employees working in different organizations.

Some turnover is functional (or beneficial to the organization) and some turnover is dysfunctional (bad for the organization).

So, the fundamental reason that employees leave organizations is that they are **not satisfied**. Their dissatisfaction could occur on many levels. Much published research on turnover indicates that money is often NOT the most important reason. Employees leave for other reasons such as career growth and development, or a change in life circumstances, or factors like that. When the employees feel dissatisfied with the job, they try to switch over to another organization.

Research Methodology is the systematic, theoretical analysis of the methods, applied to a field of study. It is the design process for carrying out research.

The research was carried out with following objective:

- To develop the conceptual framework of employee retention in Banking Sector.
- To study employee retention strategies adopted by banks.
- To analyze the retention practices done by banks, and the opinion of employees regarding that.
- To analyze the study using the Retention Models.

Area of study: The area of study was confined to the selected banks at Udaipur city. It involved employees of selected banks, namely; Canara Bank (Nationalize bank), Standard Chartered (Foreign bank), HDFC Bank, Kotak Mahindra Bank, IndusInd Bank & Yes Bank (Private sector banks).

Sources of data collection: Data for this research was gathered from primary source. Keeping in mind the objective of the study, data was collected directly from the employees of the banks.

Description of research questionnaire: Questionnaire method was used to collect data since the employees detail could be best filled by them. The questionnaire consists of total 16 questions out of which 7 are close ended questions, 3 are open ended questions

and 6 statements are based on the 5-scale rating.

Target Population & Sample Size: The target population was the employees of the bank who were the respondents. The sample size of the present study comprised of 52 employees from 6 different banks.

Statistical Analysis: the closed ended questions have been analyzed by taking its percentage. The statements based on Likert scale have been analyzed by calculating the Arithmetic Mean of different employee's opinion. **Retention Model has been used to analyze the study in the Banks.**

The Analysis and Interpretation of Data:

Designation in the Hierarchy of management level

In the target population of 52 respondent employees, 5 are designated in the Top level management, 27(51.92%) are designated in the Middle level management and 20(38.46%) are designated in the Lower level management.

Employee's duration of service in the Bank

To study about retention in banks, it is necessary to know that how long has the employee been working in the bank; this shows that bank has retained the respondent employees from years. Out of 52 respondent employees, 15(28.84%) employees have been working for 1 year or less. 20(38.46%) employees have been working from more than a year to 5 years and 17(32.69%)

employees have been working with the Bank for more than 5 years.

Analysis of statements based on Likert Scale

A Likert scale is a psychometric scale commonly involved in research that employs questionnaires. It is a 5 points rating scale which is used to determine the degree of agreement.

Statement 1: “My job is secure in this Bank”

The Mean value comes out to be 3.55, from which it can be interpreted that on an average employees response is towards positive degree.

Statement 2: “Bank provides comfortable working conditions & healthy environment”.

The Mean value comes out to be 4.17, from which it can be interpreted that most of the employees agree to the statement and find the work environment to be comfortable and healthy.

Statement 3: “I am overloaded with work”

The Mean value comes out to be 2.76, from which it can be interpreted that average of the employees disagree to the statement or are neutral towards being overloaded with work.

Statement 4: “Company has performance parameters & uses transparent process of employee appraisals”

The Mean value comes out to be 4.05, from which it can be interpreted that average of the employees agree to the statement that

bank uses transparent process of employee appraisals.

Statement 5: “Are you satisfied with the role HRM is playing in your Bank”

The Mean value comes out to be 3.56, from which it can be interpreted that average of the employees are towards agreeing to the statement and are satisfied with the role HRM is playing in their Bank.

Analysis of Retention Strategies adopted by banks:

Time span in which Promotional or Potential Appraisal practices are followed by Banks

Promotional and Potential appraisal practices are the tools of employee retention. All the banks follow Promotional or Potential Appraisal practices on yearly basis which help in increasing morale of employees and helps in retaining them.

Banks following Conflict Resolution Program and Grievance Redressal System

The analysis shows that 12(23.07%) employees believe that Conflict resolution program is used by the Bank, 11(21.15%) says Grievance Redressal System is used by the Bank and 7(13.46%) said the bank follow both the techniques to solve conflicts and grievances. 6(11.53%) employees said that none of these processes are followed by the Bank.

Relationship with superior, colleagues & junior fellows

Good interpersonal relationship is the key to good Human Resource Management which helps in employee retention. In the study, the relationship of employees with superior, colleagues and junior fellows was determined. Out of 52 employees, 18(34.61%) believed that their relationship with the staff is restricted to work life and 34(65.39%) employees believe that they have healthy inter personal relationship with the staff members of Bank.

Whether the exit interviews should be conducted by the banks and whether these are beneficial.

All the respondent employees believed that Exit interviews must be conducted by the banks, and are beneficial and necessary for the Banks.

Analysis on the basis of Join, Stay & Leave Model

Statement: “I would leave my job if offered a better one with regards to any aspect troubling here”.

The Join, Stay & Leave Model says that employees join, stay or Leave an organization for some reasons. The model states that there could be various reasons for which an individual wants to join an organization, stay in it or leave it.

The statement “I would leave my job if offered a better one with regards to any aspect troubling here” in itself gives two reasons i.e. a better offer of job and troubling aspects in the present Bank. The

maximum numbers of employees agree to the statement and some disagree or are neutral, which proves that each employee has his/her own reason to join, stay or leave the Bank. For some the better offer could be the important reason and for some the current job may be better one.

Various factors which convinced employees to stay with bank.

There are various factors for which Employees want to stay in the Banks, these may be: Salary, Good working environment, Perks & Incentives, Health Benefits and Growth & development opportunities.

From the analysis it can be interpreted that, out of 52 respondents, 39(75%) employees choose one of the factors which is as follows: 16(41.02%) said good working environment, 14 said Growth & development opportunities, 5(12.82%) said health benefits and 4(10.02%) said perks & incentives was the factor which convinced them to stay with the Bank. Out of the total respondents 13(25%) respondents considered multiple factors which influenced them.

Employees who thought of Quitting the bank & Reasons for which they wanted to quit the Bank

The analysis of the employees who thought to quit the job and the Bank can be interpreted as out of 52 employees, 15 did not think even of quitting the Bank and 37 gave a thought to it.

Out of 37 respondents, 9(24.32%) employees had some personal reasons,

1(2.7%) said that team fitment was the reason, 21(56.75%) considered career opportunity to be the reason for thinking of quitting and 6(16.21%) of them said they were over burdened.

Analysis on the basis of Job Satisfaction Model

Employee's experience of working in the Bank

Employee's experience of work life shows his/her level of satisfaction from work life which reveals whether they want to remain with the Bank. 16(30.76%) employees called their work experience to be Excellent. 24(46.15%) employees said their experience was good, 12(23.07%) employees experience was satisfactory and none of the employees called it poor.

This shows that Maximum respondent employee's experience of work life is good and they may want to remain in the Bank.

The responses of employees on Efforts that they think Bank must follow to retain the employees.

- The transfer & posting of employees should be done in better way keeping the interest of employees in mind.
- Banks do not conduct exit interviews, which is as essential as at the time of recruitment, so Banks must conduct Exit Interviews.
- The Banks should provide additional benefits to the employees such as medical benefits etc.

- Employees demand timely motivational training
- Career development and career planning of the employees should be done.
- Employees believe that timely salary hikes should be provided.
- Banks should provide work life balance to the Man power.
- Career development and career planning of the employees should be done.

Conclusion

From the study it can be concluded that Human Resource Management practices in Banks are performed well. The promotional and potential appraisal practices are followed yearly, which is very necessary to motivate and retain employees. Banks use fair and transparent employee appraisal strategies. It can also be inferred from the analysis that Conflict Resolution Program and Grievance Redressal System are conducted by the Bank to maintain peace in the environment and improve interpersonal relationship. The analysis also interprets that the working environment of the Banks is comfortable and healthy for employees. Bank does efforts to retain the employees, but many employees think that some more efforts should be done by the Banks.

In the conclusive words it can be said that the Banks in the study are quite successful in retaining the employees, some more efforts could be done to retain them.

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